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For More Information Contact:

Ed McKechnie - Watco
(620) 231-2230

OR

Tom Garrett – Four Rivers
(270) 444-4430

Watco and Four Rivers announce sale of Appalachian and Ohio Railroad

(Pittsburg and Paducah) -- Watco Companies, Inc. (Watco) and Four Rivers Transportation, Inc. (Four Rivers) announced the sale of the Appalachian and Ohio Railroad (A&O) to Four Rivers of Paducah, Kentucky, today. The A&O operates a 158-mile railroad in West Virginia.

During the past year Watco had been able to grow the carload business on the line by almost 20%, with most of that growth being coal moving from West Virginia mines to end users all across the eastern one-third of the United States.

“Our company has been committed to growing the rail traffic and providing quality service to our Customers in West Virginia since we started. In the past year our great team of talented people has grown the business and brought additional value to our Customers” said Rick Webb, Watco’s CEO. “Our company is founded on three solid principles, we must do everything within our power to improve our Customers’ satisfaction, we must continually improve our profitability and do both over the long term. With the volume growth on this railroad it’s clear that we have been successful in taking care of our Customers, but unfortunately the terms of the lease would not allow Watco to reach an acceptable level of profitability.”

“Our first priority was to protect the interests of our people and Customers. We greatly appreciate the team at Four Rivers and their commitment to making this a smooth transition so that neither our people nor Customers will be impacted by this change in ownership,” Webb said. Webb stressed the commitment by both companies in working together to make the transition as seamless as possible.

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“We have shared a great deal of information with Four Rivers, and invited them to be on the railroad well in advance of this announcement,” Webb said. “The Four Rivers team has emphasized their commitment to continue the path of improvement established by Watco and to make the A&O Railroad a long-term success. Without that, this deal would not have been done.”

Four Rivers Transportation is based in Paducah, KY, and serves as the holding company for two other railroads. Paducah & Louisville Railway, Inc. operates over 300 miles of rail line between Paducah, KY, and Louisville, KY, including several branch lines. Evansville Western Railway, Inc. began operations in January 2006 and operates between Mt. Vernon, IN, and Okawville, IL.

Four Rivers’ President & CEO, Tony Reck, stated, “Four Rivers has been looking for opportunities for growth for the last several years. We have considerable experience in the transportation of coal and saw the A&O as a good chance to become involved in the Appalachian coal market. The two top priorities for the railroads we operate are safety and customer service. We feel that the A&O has a strong customer base and a competent and experienced workforce. We look forward to the challenges of meeting the transportation needs of the shippers on the A&O, providing excellent service and being a good corporate citizen of the communities we serve.”

Watco Companies, Inc. (Watco), a Pittsburg, Kansas, based company, operates 16 railroads in 14 states. Watco operates the Alabama Southern, Arkansas Southern, Eastern Idaho, Great Northwest, Kansas and Oklahoma, Kaw River, Louisiana Southern, Mission Mountain, Mississippi Southern, Palouse River and Coulee City, Pennsylvania Southwestern, South Kansas and Oklahoma, Stillwater Central, Timber Rock, Vicksburg Southern and Yellowstone Valley Railroads. Watco also operates industrial switching locations and mechanical and locomotive shops across the United States. More information about Watco can be found on their website at www.watcocompanies.com

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